

FINAL MEETING SUMMARY

HANFORD ADVISORY BOARD BUDGETS AND CONTRACTS COMMITTEE MEETING March 30, 2005 Richland, WA

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This is only a summary of issues and actions in this meeting. It may not represent the fullness of ideas discussed or opinions given, and should not be used as a substitute for actual public involvement or public comment on any particular topic unless specifically identified as such.

Welcome & Introductions

Gerry Pollet, Budgets and Contracts Committee (BCC) Chair, welcomed the committee and introductions were made.

Representatives from Washington Closure (WC), the new River Corridor Contractor, including Project Manager Pat Pettiette and Dru Butler and Lynnette Bennet (outreach), introduced themselves to the committee. Pat said WC is committed to making safety its first priority, making sure that the work is done efficiently and effectively without cutting corners, and to engaging the local business community. For more information, contact Dru Butler at 308-9181 or go to www.washingtonclosure.com for a profile of WC and information about key managers.

Committee members indicated they were encouraged by WC's work history. Committee members asked clarifying questions about the Department of Energy-Richland Operations Office (DOE-RL) baseline and the associated target price provided by the contractor. WC provided the original target price based on the scope of work outlined by DOE-RL; however, that scope has changed due to completion of significant work, so the target will be revised. In 180 days, WC will submit a draft baseline to DOE-RL. Once approved, the new baseline becomes the established baseline against which the project is measured. Gerry said that the committee anticipates seeing the re-evaluated baseline for the project when it is available.

Washington State Department of Ecology Funding

Nolan Curtis, Washington State Department of Ecology (Ecology), presented information on Ecology's biennium funding and planning for their Hanford Nuclear Waste Program. The committee reviewed information that broke funding out by specific fund account and biennium period for the past three bienniums. The information also showed estimates for the next biennium, as well as the full-time equivalents (FTEs) associated with each biennium. In addition, the committee reviewed a summary of the 2003-2005 Nuclear Waste Program Plan, including program priorities, targets, output measures, and outcome measures. Although the funding estimates for the next biennium are based on former Governor Locke's budget, Nolan said that Ecology does not expect much funding variation under Governor Gregoire's budget. Still, some cuts will likely be made, since Ecology's funding follows the trend of the overall state budget.

Committee Discussion

- The committee clarified that although the biennium periods in Ecology's funding information appear to cover three years, they actually reflect Ecology's June to June funding cycle.
- *How are the two tasks for private facilities being funded?* Nolan said there are different FTE breakdowns based on how time is charged to certain funds. In the planning process, a manager will estimate the time needed from various specialty elements within the nuclear waste program. A time chart and billing are then applied to the relevant funding source.
- *Are Attorney General (AG) costs factored in?* Nolan said that AG costs are factored in at times. There is a blanket AG cost spread across all funds, unless there are additional legal resources or costs that go beyond the baseline cost. In this case, specific activities have specific activity codes that legal time is charged to.
- *What is Ecology's priority for staffing at Hanford?* Gerry stated that one of the Hanford Advisory Board's (Board) concerns is that Ecology has had level staffing, while work at Hanford has increased. Nolan said Ecology's staffing for Hanford is based on work planning, which identifies work to be done and the staffing necessary to do the work. If there is additional work that needs to be done, work scope is revised to accommodate new work.
- Gerry commented there is concern Ecology has not met the legal requirements for staffing under the new Cleanup Priorities Act (CPA). Nolan said Ecology believes they are not currently legally required to comply with the CPA, and are therefore not allowed to force DOE to do anything regarding the CPA. If there are comments or concerns that Ecology is not meeting requirements, Nolan said Ecology would gladly take them. He pointed out the Board has never issued advice to Ecology concerning staffing.
- Dennis Faulk, Environmental Protection Agency (EPA), said following the discussion of EPA funding at the Committee of the Whole meeting earlier in March, EPA plans to hire two people for their Hanford program. These additions will put EPA's Hanford office back up to full staffing levels.

Advice on Fiscal Year (FY) 2006 & 2007 Budgets

Gerry summarized topics for budget advice he had circulated to the committee:

- 1) Long-term baselines need disclosure and discussion with the Board and public.
- 2) There is a need for planning to fund storage capacity for vitrified High-Level Waste.
- 3) There is inadequate funding to deal with newly emerging problems.
- 4) The Central Plateau cleanup schedule is decelerating and funding importance seem to be diminishing.
- 5) Fiscal year 2006 (FY06) target budgets do not support retrieval and characterization of pre-1970 transuranic (TRU) waste from the unlined burial grounds.
- 6) Spent Nuclear Fuel / K-Basin sludge deadlines are not being met.
- 7) The public needs clarification on the impacts of delayed work activities on DOE's claims of "savings" from accelerated work cleanup program.
- 8) Increased safeguards and security costs should not be funded from Hanford cleanup funding.
- 9) The workload for EPA's Hanford Oversight Office has increased significantly without a corresponding increase in adequate staffing
- 10) There are concerns about the impacts of a pension shortfall between 2005-06.
- 11) What are the impacts of budget funding reductions on DOE's commitment to existing agreements and obligations?

Committee Discussion

- Topic #5 is more focused on the immediate FY06 budget, and topic #1 deals more with things missing from the budget. Dennis noted the discussion of current budget concerns is very similar to past Board advice.
- Joe Voice, DOE-RL, asserted that "pension shortfall" is not an accurate term, since the account, as managed, has been performing in the top tenth percentile among similar funds nationally. DOE makes projections to determine what the future value should be to account for future pension needs. The equation used to make these projections assumes an 8.5% return on investment. In the past few years the pension fund did not receive 8.5% return, so when future need is determined, DOE has to provide contributions to account for the difference. DOE has always provided a contribution. Gerry suggested the concern is not the pension fund itself, but the dollar amount that is being taken away from cleanup as a result of DOE making an unplanned contribution. Joe said a contribution was planned for. Additionally, Joe said that projected drawing is also a factor, which may result in DOE having to account for more than the 8.5% interest return. Vince Panesko commented that DOE does not have the flexibility to change the model, since the 8.5% rate of return is locked into a legislative mandate. Therefore, advising DOE to change the interest

rate on the pension fund would be outside the Board's realm. Rick Jansons pointed out it is within the Board's realm if it influences what work is not going to be done.

Further discussion on priorities for advice:

- Pam Larsen was concerned about the impacts on the workforce, such as a loss of expertise, clearance, institutional memory, etc, which result from the drop in funding.
- Harold Heacock said increased security costs associated with plutonium management and storage need to be supplemental funding, and should not be taken out of current funding for cleanup.
- Todd Martin said, from what he heard at the morning's public budget workshop, he did not get the sense the Central Plateau would be cleaned up as scheduled. He thinks the advice should stress that Central Plateau remediation is a requirement and should be funded.
- Dennis said that EPA expects work on 618-10/11 to start in 2010-12. For now, it is premature to advise funding this work until the contractor comes back with a design plan and specifics. Committee members discussed the principle that planning for integration of cleanup activities should be part of the budget. (618-10/11, T-plant, remote-handled TRU capability, etc., need to be on the same timeline as other activities.)
- Keith Smith said that if TRU waste in tanks is to be packaged separately for disposition, there is a need for the ability to store the material. Howard explained that DOE-ORP is looking at better storage alternatives. Gerry added that, if the Board is providing budget advice on funding, it should include language specifying that storage facilities need to be robust and long-term.

The committee discussed the impacts contracts and the contracting process have on the budget and funding. Susan Leckband said the impacts to the budget and funding caused by big contracts need to be addressed by the Board. Pam commented that such advice might suggest looking into extending contracts instead of incurring the costs associated with changing contracts. Keith agreed, commenting that it can take up to five years to train a new management team to understand what's going on onsite.

- Joe and Howard said DOE has the ability to issue contract extensions, but is not interested in making short-term extensions. DOE would like to issue longer-term contracts. There is never a good time to change contracts, especially since DOE is compelled, contractually, to get work done as efficiently as possible.
- *What are the anticipated costs and benefits associated with changing contracts, and how do those figures impact the budget?* Howard explained that DOE uses targets to plan its budgets (i.e., work is planned with a certain figure in mind). DOE tries to get all division and office budgets throughout the complex to work together.

Howard said DOE-ORP is looking for the Board's opinion about which over-target activities to prioritize and if anything is missing from the over-target activities list.

- *There is concern budget cuts could cause “over-target” items to be considered “under compliance.”* Gerry said there is a \$92M difference between what the budget provides and the funding needed to complete these activities.
- *Any additional future waste characterization investigations are missing.* Howard said DOE is working with regulators and there are sufficient resources to do those investigations. Dennis commented that the current FY06 budget makes it difficult to do everything we want to do. However, it looks like there is an increase in funding for additional investigations. Whether there is adequate funding for remedial action is the more important question.
- *Is there adequate funding for decommissioning wells?* Maynard Plahuta expressed the need to get more money appropriated for project baseline (PBS) RL-0040, nuclear facility decommissioning and demolition.
- Al Boldt commented that, because of the current situation with Yucca Mountain and other facilities, Hanford will likely have to store more waste material than planned. He considers the problem to be a planning shortfall on the part of DOE-Headquarters (DOE-HQ) and, therefore, costs associated with these waste management issues should not come out of the budget for cleanup activities. Todd brought up the planning for the national forum on waste management proposed by the Site-Specific Advisory Boards. It would help Hanford to frame the waste storage problem as a national management problem, since other sites’ have the perception that the only problem is Hanford will not take any off-site waste.
- Gerry said the Board needs to know what the specific storage costs will, in order to go beyond just saying, “fund the baseline,” since there are activities that should be funded and are not included in the baseline. This is especially important if waste that was originally planned to leave the site will be remaining at Hanford. Rick noted that discussions about storage facilities involve old-world views of what is an acceptable risk for designing waste storage facilities. Thinking about new security risks changes design priorities and consequences; therefore, new risk scenarios need to be included in storage facility design. Gerry pointed out the Board does not have any way of knowing whether or not the design bases for storage facilities account for certain risk factors.
- Todd commented that, although this administration said it was going to create a new long-term baseline, it has not given DOE-ORP a target that is adequate to meet the approved baseline. Several committee members agreed that when the Board advises DOE it should be compliant with the Tri-Party Agreement (TPA), they should also say that internal DOE targets should match the approved baseline.
- Dennis encouraged the committee to consider what conclusions could be drawn by the public from the budget information presented, rather than just what might be based on the institutional knowledge of Board members.

Issue Manager Update on the Fast Flux Test Facility (FFTF) Contract

Keith Smith summarized information about contracting issues he found associated with the FFTF contract. These included:

- *Integrated Safety Management System (ISMS) and Health and Safety Plan.* The contract included good information concerning what the contractor decided to do.
- *Environmental Protection.* It is difficult to determine who is responsible for environmental aspects of the contract. There is concern about adequate oversight.
- *Equal employment opportunity.* An equal employment opportunity (EEO) plan is required by the contract, but contractor said they do not have an EEO Plan and never signed a contract that said they did.
- *Size of business.* There were some allegations that the contractor shifted employees around to meet the small business qualification, and it is unclear whether DOE investigated the issue or not.
- *Foreign interest.* One of the sub-contractors is a French company involved in a fatality incident.

The committee was reminded the topic came up initially in discussions about the Source Evaluation Board (SEB) process. Now that the FFTF contract is being re-competed, it is important to revisit the policy question about how safety is going to be considered.

Committee Discussion

- Based on the initial concern about safety considerations in contracts and the information Keith provided, Gerry said the Board should advise DOE that the SEB needs a health and safety expert.
- Todd said he would assume the contractor met an initial DOE safety requirement (i.e. a requirement to disclose previous accidents). Keith said there was nothing in the contract that said contractors had to meet a safety requirement.
- Although a company has an accident record, Rick Jansons noted that may not mean they will make the same accident again, and may in fact mean they would have additional safety measures in place and an increased awareness of ISMS.
- Todd said if a contractor does not meet a safety requirement, then they do not go on in the selection process. Since there is a standard clause in contracts about safety requirements, the Board could advise DOE to require the SEB look at the company's safety program and five-year history of demonstrated safety experience. Gerry added that the request for proposal (RFP) needs to indicate DOE will weigh a contractor's safety record and submitted plan when awarding contracts.
- Susan commented that environmental impacts that do not directly cause harm or impact safety are not considered in the evaluation of a contractor's safety record.
- Todd said the Board should not comment on the process for choosing SEB members, and should decouple this from the discussion of FFTF contract issues, since those are general comments on health and safety principles.
- Keith will take the first cut at drafting advice with Todd's assistance.

Committee Business

- Gerry will work on draft budget advice with help from Rick and Harold. Although there will not be Board consensus before the budget goes out on April 15, DOE and the regulating agencies can use the draft advice to guide budget requests.
- Todd said he has concerns about the responsibility of committees to educate other Board members during presentations of advice so the Board understands the importance of advice components. Since this will likely be a substantial piece of advice, a greater effort to educate the Board might make reaching Board consensus easier.
- Vince will write up information on prior tank farm baselines.
- Committee members expressed a need to come to a basic agreement on whether the committee is advising that compliance work needs to be funded and more money needs to be appropriated, or advising on prioritizing activities with existing funding levels (i.e., a zero-sum game).
 - Todd said there would be a different answer for FY06 and FY07. It only makes sense at this point to advise DOE that compliance work must be funded for FY07. Board advice needs to emphasize that compliance is not just for FY07, but it is also for out-year budgets.
 - Joe stated that the DOE-RL budget presentation for FY06 was TPA-compliant. Gerry said the regulating agencies have indicated that significant compliance items have not been funded and are having to be deferred. He disagreed with the notion that the FY06 budget is compliant.
 - Todd suggested that, for FY07, the Board should tell DOE that the target does not meet the internal DOE baseline or the TPA. Therefore, DOE-ORP and DOE-RL should ask for enough funding to get the over-target work done.
 - Susan said she has concerns about telling DOE what to fund and what not to fund. Instead, the Board should prioritize all activities in order of importance. Harold asserted the advice needs to indicate if DOE does not get full funding for activities, there is a list of prioritized activities.

Handouts

- Ecology – Nuclear Waste Program: Funding and Staffing Levels for Hanford, 3/30/2005.

Attendees

HAB Members and Alternates

Allyn Boldt	Susan Leckband	Dick Smith
Shelley Cimon	Vince Panesko	Keith Smith
Harold Heacock	Maynard Plahuta	Art Tackett

Rick Jansons	Gerry Pollet	Dave Watrous
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Others

Steve Chalk, DOE-RL	Melinda Brown, Ecology	Kim Dawkins, CHG
Joe Voice, DOE-RL	Nolan Curtis, Ecology	Brad South, CHG
	Tim Hill, Ecology	Lynn Lefkoff, EnviroIssues
Howard Gnann, DOE-ORP		Jason Mulvihill-Kuntz, EnviroIssues
Erik Olds, DOE-ORP	Dennis Faulk, EPA	Barb Wise, FH
		Kim Ballinger, Nuvotec/ORP
		Lynette Bennett, Washington Closure